



**Director of  
Central  
Intelligence**

**Top Secret**

25X1

# **National Intelligence Daily**

***Tuesday  
6 October 1981***

NGA Review Complete

**Top Secret**

*CO NID 81-233 LX*

*6 October 1981*

*Copy* **229**

25X1

25X1

**Page Denied**

Top Secret



25X1

## Contents

Poland: *Government Stands Firm* . . . . . 1

25X1



Japan: *Economic Package* . . . . . 3

USSR-Cuba: *New Soviet Equipment* . . . . . 4

Uganda: *Progress in Economic Reform* . . . . . 4

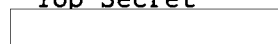
## Special Analyses

Egypt-Sudan: *Prospects for Countering the Libyan Threat* . 5

Thailand-US: *Prime Minister Prem's Visit* . . . . . 7



Top Secret



6 October 1981

25X1

25X1

TOP SECRET

25X1

## POLAND: Government Stands Firm

*The government's decision yesterday to go ahead with previously announced price increases on tobacco and several other consumer goods despite the objections of Solidarity will intensify militant pressures within that union.* [REDACTED]

25X1

This move by the government is an embarrassment for Solidarity leader Walesa, who had proposed a resolution--adopted unanimously by the delegates--that the government defer action until discussing the increases with the union. It undercuts Walesa's recent arguments that union-government negotiations on a range of issues should begin soon. As a consequence, Walesa will be under pressure to make good on his loss of face by taking a tough stance toward the regime. Several delegates to the congress criticized him yesterday for "being weak and backing down." [REDACTED]

25X1

The announcement of the price increases may have been a bureaucratic blunder. The government has indicated that it wants to move quickly in raising all consumer prices; it apparently believed that Solidarity's negotiators had agreed to these specific price hikes. [REDACTED]

25X1

The regime ignored Solidarity's objections probably because it felt that it could not accede to what amounted to an ultimatum from the union without losing even more credibility with the Soviets and its domestic critics. Warsaw's leaders also may have calculated that the modest increases would not stir popular discontent. They have tried to soften the impact of the action by offering to negotiate with the union on a system to compensate consumers. [REDACTED]

25X1

Solidarity has not given any indication that it will make good on strike threats and other forms of retaliation that the delegates had proposed during a heated debate with the government ministers on Sunday. [REDACTED]

25X1

25X1

25X1

TOP SECRET

6 October 1981

25X1

25X1

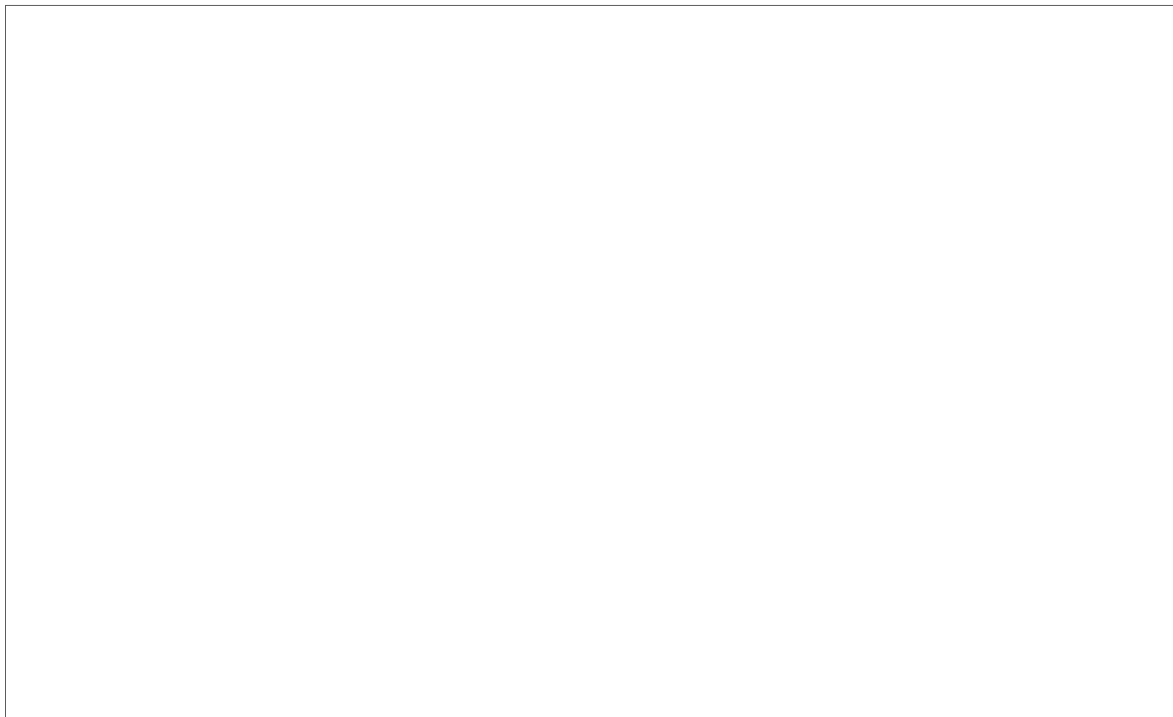
**Page Denied**

Next 1 Page(s) In Document Denied

25X1

Top Secret

25X1



#### JAPAN: Economic Package

New economic measures announced by Tokyo late last week, allegedly meant to reduce Japan's rapidly growing trade surplus, will do little to stimulate domestic demand and increase imports. While a few of the proposed actions--for example, low-interest loans for aircraft--would increase purchases from abroad, other programs designed to help depressed industries may impose new import restraints. Behind the scenes, moreover, the Ministry of Finance has vetoed spending \$3 billion for emergency imports. Prime Minister Suzuki probably hopes that the package will demonstrate that Tokyo is sensitive to criticism over trade surpluses without jeopardizing his first priority objective of holding down government spending.

25X1

25X1

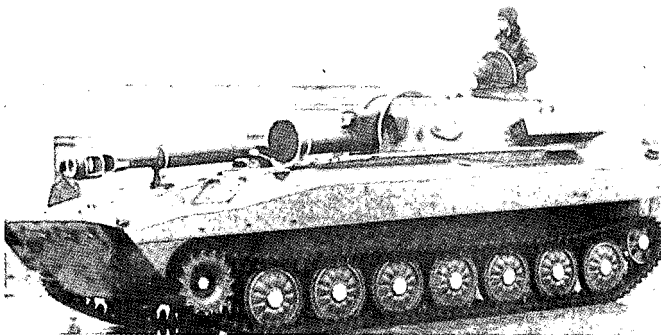
Top Secret

6 October 1981

25X1

**152-mm Self-propelled  
Howitzer M1973**

<b>Crew</b>	4
<b>Speed</b>	70 km/hr
<b>Ammunition Load</b>	40-48 rnds
<b>Range</b>	15,300 m
<b>Rate of Fire</b>	10 rnds/min



**122-mm Self-propelled  
Howitzer M1974**

<b>Crew</b>	4
<b>Speed</b>	70 km/hr
<b>Ammunition Load</b>	40-48 rnds
<b>Range</b>	15,300 m
<b>Rate of Fire</b>	10 rnds/min

585523 10-81

25X1

Top Secret

25X1

USSR-CUBA: New Soviet Equipment

Moscow may be providing Cuban forces with self-propelled artillery for the first time. At least two 122-mm guns and one or two possible 152-mm guns were identified in [ ] the San Pedro training area, southwest of Havana [ ]. Although the area is used by both the Soviet brigade and Cuban forces, the new equipment was not observed during the recently concluded Soviet training exercise, suggesting that it may be assigned to the Cubans. [ ]

25X1

25X1

25X1

Assignment of this new artillery to the Cubans would be consistent with the general modernization of the Cuban forces since the mid-1970s and with the increase in Soviet arms deliveries to Cuba noted this year. Self-propelled artillery has a higher rate of fire than older towed pieces and offers greater crew protection. [ ]

25X1

UGANDA: Progress in Economic Reform

President Obote's reform program is beginning to turn the economy around, but major obstacles remain. Earlier this year the government removed price controls on most consumer goods, increased producer prices for coffee and food crops, and allowed the Ugandan shilling to float on the foreign exchange market. These measures have resulted in price reductions on some consumer items, a larger coffee harvest, increased plantings, and less smuggling. The IMF and World Bank have helped fund much of the program with \$210 million in loans. [ ]

25X1

Additional progress will hinge on Obote's ability to quell dissident attacks in the Kampala area and political fighting within his government. He also will have to improve relations with Kenya, through which most of Uganda's foreign trade moves. [ ]

25X1

Top Secret

25X1

6 October 1981



Top Secret

25X1

SPECIAL ANALYSES

EGYPT-SUDAN: Prospects for Countering the Libyan Threat

25X1

*Growing Egyptian concern over Libyan threats to Sudan are prompting some saber rattling by President Sadat and could lead to limited military operations against Libya. Although recent Libyan activities have increased the danger to President Nimeiri, he probably will be able to resist efforts to remove him from power--at least over the near term.*

25X1

25X1

Sadat [ ] is deeply worried over the stability of Nimeiri's government. The Egyptian leader believes the Soviets encouraged recent Libyan air attacks on Sudanese villages along the border with Chad, and is troubled by the possibility that Ethiopia might also create problems for Nimeiri.

25X1

25X1

Libyan and Sudanese Capabilities

The Libyans could launch conventional military attacks on Sudan since the bulk of their 7,000-man force in Chad is near the Sudanese frontier. Tripoli, however, probably will not authorize any major military action. Libyan troop movements southward over the past several weeks appear to be related to the resurgence of guerrilla activity by Chadian rebel leader Habre's forces.

25X1

Libyan forces are already stretched thin in Chad, and the prospect of a continuing insurgency is likely to dampen any interest in expanding the conflict. The Libyans, nonetheless, will almost certainly continue to conduct cross-border airstrikes against suspected guerrilla staging areas in the Sudan, both to hurt the insurgency and to weaken Sudanese support for Habre.

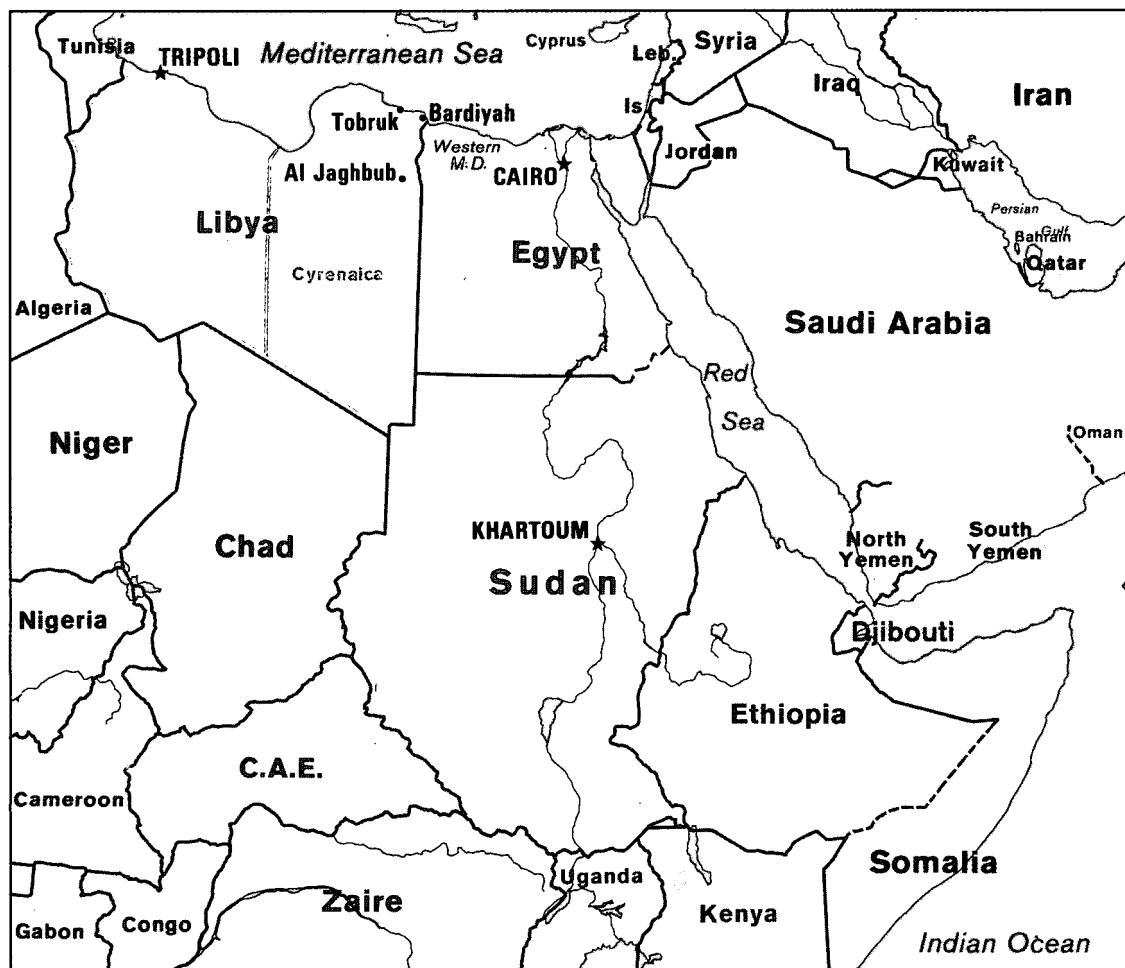
25X1

The Sudanese forces located in the west, currently estimated at 8,000, can make effective use of small-unit tactics, but are inferior to the Libyans in equipment

--continued

Top Secret

25X1



630465 10-81

Top Secret

25X1

and close air support. In the face of an all-out Libyan attack, the Sudanese probably would withdraw until reinforcements from Khartoum--and possibly from Egypt--could arrive. [REDACTED]

25X1

### Egyptian Options

If Nimeiri's position should begin to unravel, Egypt--which has a mutual defense pact with Khartoum--could attempt to relieve the pressure on the Sudan by moving directly against Libya. The Egyptians could make a limited thrust against the Libyan garrison at Bardiyah or stage a commando assault on the Jaghbub Oasis. [REDACTED]

25X1

Since June, Egypt has attempted to improve the overall readiness of its forces in the Western Military District, but its ability to conduct offensive operations is constrained by logistics and equipment maintenance problems. A thrust toward Tobruk would probably involve the deployment of additional troops to the border area. [REDACTED]

25X1

Libyan officials have expressed concern over possible military action by Egypt but have done nothing in the past week to reinforce their forces along the border. Libya already maintains more than half its troop strength in Cyrenaica and closely monitors activity in Egypt's Western Military District. Tripoli has drawn its Chad expeditionary force primarily from western and central Libya. [REDACTED]

### The Outlook for Nimeiri

25X1

The principal threat to Nimeiri's government--Libyan-sponsored subversion--probably has been reduced by intensified security measures in Khartoum, including the arrest during the past few weeks of more than 17,000 unemployed Sudanese and undocumented refugees. Sudanese officials claim that members of a Libyan-trained "army of salvation" were among those detained. [REDACTED]

25X1

Nimeiri's survival ultimately rests on the continued loyalty of the armed forces. There probably is some isolated opposition to the President in the Army, but it does not appear to be a serious threat. Maintaining the military's allegiance, however, will depend to a considerable extent on the ability of the government to improve overall economic conditions and to provide the armed forces with modern arms and equipment. [REDACTED]

25X1

Top Secret

25X1

Top Secret

25X1

## THAILAND-US: Prime Minister Prem's Visit

*Prime Minister Prem, who is visiting the US, heads a coalition government that is highly concerned about Thailand's security and is beset by complex and longstanding political and economic problems. Prem will seek assurances of continued US support and strive to use the visit to improve his image at home and increase his government's prestige.*

25X1

Thailand's security and the situation in Kampuchea are likely to dominate Prem's meetings with US officials. Bangkok is primarily worried about the presence of a large number of Vietnamese troops along the Thai-Kampuchean border and the growing Soviet presence in Indochina.

25X1

A serious military defeat by the Vietnamese would badly shake the regime. The Thai want accelerated sales of US military equipment for their own defense and reassurance of adequate assistance if they are attacked.

25X1

The Thai are particularly concerned over the lack of progress in forming an effective coalition government of the three Kampuchean resistance leaders. Talks among the groups representing Prince Sihanouk, former Prime Minister Son Sann, and Pol Pot have reached an impasse despite intense Thai pressure to keep the discussions on track.

25X1

Since an agreement to seek a coalition was signed in early September, an ad hoc committee has met six times with little success. The Pol Pot faction has hampered progress by discussing basic political principles.

25X1

Pol Pot probably believes he has no need to compromise. His Democratic Kampuchean seat at the UN is secure for another year, and his 35,000 guerrillas have made small but steady gains against the Vietnamese over the past rainy season.

25X1

China continues to support Pol Pot's position and reportedly has asked the Thai to ease the pressure for concessions. This has heightened ASEAN's apprehensions that Beijing seeks Pol Pot's return to power in order to enhance Chinese influence in the region.

25X1

--continued

Top Secret

25X1

Top Secret

25X1

Although the non-Communist Kampuchean People's National Liberation Front led by Son Sann has about 6,000 guerrillas, they remain an ineffective fighting force. During his visit, Prem may raise the issue of military and other materiel support to strengthen the Front. [ ]

25X1

Son Sann has complained that the slow expansion and low level of activity of his forces are due to shortages of weapons and ammunition. Inadequate food supplies also are cited as discouraging potential recruits from joining the Front. Even with an increase in aid, however, Son Sann's ability to recruit large numbers of troops remains doubtful. [ ]

25X1

#### The Refugee Problem

Bangkok has been generally satisfied with US action on the resettlement of Indochina refugees, although Prem is likely to seek assurance of continued aid and a promise that no refugees will be left in Thai camps. The total refugee camp population in Thailand has declined from a high of over 300,000 to about 200,000. [ ]

25X1

With the food situation in Kampuchea again deteriorating, however, the Thai over the next few months could face large numbers of Kampuchians migrating to the border seeking food. Some Thai leaders have already proposed harsh measures to cut off the refugee flow, especially from Vietnam. [ ]

25X1

#### Counting on the US

Prem looks to US guarantees to strengthen his political position at home. Although he appears to be in no immediate danger of being ousted, he has been widely criticized for his poor leadership and economic ineptitude. He is unpopular with elements of the public, has lost support among some factions of the military, and may be losing crucial palace support as well. Prem also faces an impending challenge from former Prime Minister Kriangsak, who recently returned to politics. [ ]

25X1

--continued

Top Secret

25X1

6 October 1981

Top Secret

25X1

The preoccupation of recent regimes with narrow political interests has hindered efforts by the Thai Government to deal with economic problems. Government increases in fuel and electricity prices and an 8.7-percent devaluation of the baht ensure that the rate of inflation will approach 20 percent this year. [REDACTED]

25X1

The trade deficit, caused by a poor export performance in the first quarter and high oil import costs, will result in another large current account deficit in 1981. During their visit here, Thai officials will promote trade and sound out US officials on commodity agreements and greater access to US markets for Thai consumer goods. [REDACTED]

25X1

In return for a two-year \$940 million standby credit from the IMF, Prem agreed to tighten fiscal and monetary policies and to enact measures aimed at increasing agricultural productivity and shifting the emphasis on industrial development from import substitution to export promotion. Some of these actions threaten entrenched business interests, however, and the reform package could be quickly discarded. [REDACTED]

25X1

Top Secret

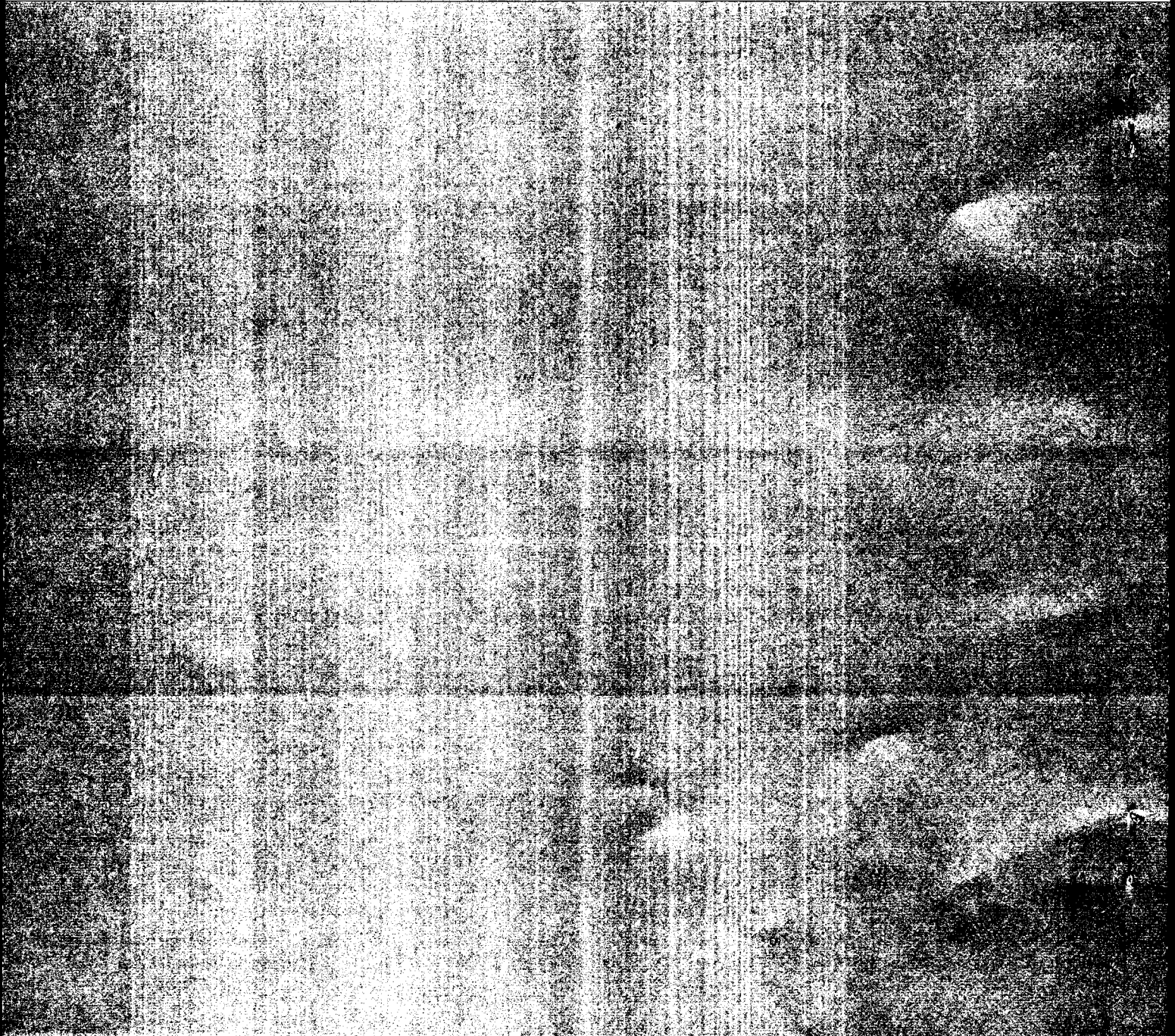
6 October 1981

25X1

**Top Secret**

Approved For Release 2009/08/07 : CIA-RDP83T00296R000400030023-0

25X1



**Top Secret**

Approved For Release 2009/08/07 : CIA-RDP83T00296R000400030023-0